

News Release



Controller of the State of California - Kathleen Connell

300 Capitol Mall, Suite 1850
Sacramento, California 95814

Contact: Mike Monasmith, (310) 342-5678, Lisa Casalegno (916) 445-2636

Immediate Release

State Controller Connell files legal action against California Public Employees' Retirement System (CalPERS)

Sacramento-February 1, 2001. State Controller Kathleen Connell says, "I filed legal action in Sacramento Superior Court yesterday against (CalPERS) for various violations."

According to the Controller, "the merits of this lawsuit are clear. As the state's Chief Financial Officer and a member of the CalPERS Board, I have a responsibility to prevent the clear circumvention of state law which is occurring. My fellow Board members must understand the ramifications of their actions, and must be made responsible for their violations."

Specifically, the lawsuit brings charges in the following three areas:

1) Per diem and travel reimbursement:

Ignoring statutory limits, the Board has increased the per diem of various Board members from \$100 per day to \$400 per day.

2) Employee salaries:

Again ignoring statutory limitations, the CalPERS Board has voted to increase the salaries of ten of its employees, and, when the State Controller refused to issue paychecks in the higher amounts, the Board set up its own payroll system in violation of state law.

3) Board member salary reimbursement:

The Legislature has limited the reimbursement which local agencies (whose employees serve as CalPERS Board members) can receive for the time their employees spend on CalPERS business at 25% of employees' total annual compensation. However, CalPERS has approved reimbursement up to 90% in some cases, effectively transferring these employees from representatives of local members of the system into virtual employees of CalPERS.

-end-